

Message Text

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TO ERDA GERMANTOWN

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TAGS: TECH, JA

SUBJECT: JAPANESE UTILITY QUESTIONS ON ERDA SLIPPED DELIVERY OFFER.

FOR A.S. FRIEDMAN, ERDA FROM HENoch

1. NUCLEAR POWER DEVELOPMENT COUNCIL OF THE FEDERATION OF ELECTRIC POWER COMPANIES OF JAPAN HAS COMPILED LIST OF QUESTIONS RE ERDA OFFER TO MODIFY DELIVERY SCHEDULES FOR ENRICHMENT CUSTOMERS AFFECTED BY REACTOR SLIPPAGES. ACCORDING TO TAKEO MATSUNAGA, TEPCO, ARRANGEMENT ALREADY MADE FOR JAPANESE DELEGATION TO VISIT ERDA HQ FEB 10 AND CONFER WITH FRIEDMAN, ET AL, RE MODIFIED DELIVERY SCHEDULES. MATSUNAGA SAID NAMES OF JAPANESE SEVEN-MAN DELEGATION ALREADY SENT BUT WISHES ADD THREE MORE JAPANESE AS OBSERVERS AT THE MEETING: KENICHI MURAKAMI, SCIAT, JAPANESE EMBASSY; KAZUICHIRO SEKI, WASH DC REP OF KANSAI EPCO, AND ONE REP OF THE NY MITSUI OFFICE.

2. FYI - JAPANESE QUESTION LIST IS TRANSMITTED BELOW IN PARA 3. MATSUNAGO SAID HE EXPECTS THAT THERE WILL BE ADDITIONAL QUESTIONS AT THE MEETING.

3. QUESTIONS IN GENERAL:

(1) TO WHAT EXTENT WILL THE CUSTOMER BE REQUESTED TO QUANTIFY HIS INTENTIONS WHEN HE NOTIFIES HIS REQUEST FOR SLIPPAGE OPTION BY 4:00 PM EDT, MARCH 17, 1975?

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MAY WE UNDERSTAND THAT YOUR ADMINISTRATION WILL NOT REJECT

SUCH A REQUEST?

(2) IT IS TO BE EXPECTED THAT YOUR ADDITIONAL CAPACITY OF ENRICHING SERVICES WILL COME UP AS A RESULT OF THIS CONTRACTUAL RELIEF. IN THIS REGARD, MAY THE CUSTOMER HAVING CONDITIONAL CONTRACTS SUBJECT TO GENERRIC APPROVAL FOR MIXED OXIDE FUEL EXPECT HIS CONTRACTS TO BE UPGRADED TO THOSE WITHOUT CNDITIONS? WE WOULD APPRECIATE IT IF YOUR ADMINISTRATION WOULD GIVE US SOME COMMENTS ON THE EXTENT OF SUCH A POSSIBILITY.

(3) IT IS ANTICIPATED THAT FURTHER DELAY IN THE CONSTRUCTION SCHEDULE MIGHT OCCUR EVEN AFTER A CUSTOMER HAS BENEFITTED FROM THIS CONTRACTUAL RELIEF FOR SLIPPAGE. POSSIBLE ALTERNATIVES FOR THE CUSTOMER TO SOLVE SUCH FURTHER DELAYS WILL BE TO WITHDRAW MATERIALS IN ACCORDANCE WITH THE SPECIFIED SCHEDULE (ALTHOUGH THE SCHEDULE HAS ALREADY SLIPPED), AND EITHER (1) TO STORE SUCH MATERIAL OR (2) TO ALLOCATE IT TO REQUIREMENTS FOR OTHER REACTORS.

IF A CUSTOMER ADOPTS THE SECOND ALTERNATIVE (I.E., ALLOCATION TO OTHER REACTORS), THERE WILL BE A POSSIBILITY THAT THE SWU QUANTITIES FOR HIS RELOAD REQUIREMENTS DURING THE INITIAL FIRM PERIOD WILL BE LESS THAN TWO TIMES OF HIS INITIAL CORE REQUIREMENT FOR THE ALLOCATED REACTOR. HOW IS YOUR ADMINISTRATION GOING TO DEAL WITH SUCH SITUATIONS?

(4) 1.B OF APPENDIX A SPECIFIES THHT A DELAY IN THE ISSUANCE OF AN AUTHORIZATION TO CONSTRUCT A REACTOR WILL RESULT IN DN EXTENSION OF THE DELIVERY SCHEDULE OF RELOAD REQUIREMENTS. IF THERE IS A DELAY IN THE ISSUANCE OF SUCH AUTHORIZATION WHEN THE CUSTOMER IS REQUIRED TO AGREE UPON APPENDICES, THE CUSTOMER MIGHT FIRM UP HIS APPENDICES ON THE BASIS THAT HIS RELOAD REQUIREMENTS BE EXTENDED IN ACCORDDANCE WITH SUCH SPECIFICATIONS, AND AS THE RESULT, SWU QUANTITIES FOR THE RELOAD REQUIREMENT WITHIN THE ORIGINAL INITIALFIRM PERIOD MIGHT BE LESS THAN TWO TIMES OF THAT FOR THE INITIAL CORE. HOW IS YOUR ADMINISTRATION GOING TO DEAL WITH THESE SITUATIONS?

(5) IS IT CORRECT TO UNDERSTAND THE TERM OF THE AGREEMENT SHALL CONTINUE FOR A PERIOD OF 30 YEARS FROM THE BEGINNING OF THE FISCAL YEAR IN WHICH THE FIRST DELIVERY UNDER THE NEWLY SPECIFIED SCHEDULE AS A RESULT OF THIS SLIPPAGE
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OPTION, PROVIDED THE AGREEMENT FOR COOPERATION CONTINUES IN EFFECT?

(6) IN THE EVENT A CUSTOMER IS REQUESTED TO SUBMIT 315 DAYS' AND/OR 180 DAYS' NOTICE TO YOUR ADMINISTRATION IN THE VERY NEAR FUTURE PURSUANT TO THE CURRENT SPECIFICATIONS OF A SCHEDULE, MAY WE UNDERSTAND THAT THE TIME LIMIT TO SUBMIT SUCH NOTICES WILL BE SLIPPED IN ACCORDANCE WITH THE SCHEDULE TO BE NEWLY SPECIFIED AS THE RESULT OF THIS SLIPPAGE OPTION

IF HE NOTIFIES HIS REQUEST FOR SLIPPAGE IN TIME?

(7) THE QUANTITY OF SEPARATIVE WORK DURING THE INITIAL FIRM PERIOD WILL DECREASE AS THE RESULT OF THIS SLIPPAGE OPTION, AS FAR AS THE INITIAL FIRM PERIOD ORIGINALLY SPECIFIED UNDER THE CONTRACT IS CONCERNED. WE WOULD LIKE TO REQUEST YOUR ADMINISTRATION'S CONFIRMATION THAT SUCH DECREASE WILL NOT BE DEEMED TO BE A TERMINATION IN PART, AND CONSEQUENTLY, THAT NO TERMINATION CHARGES WILL BE PAID BY THE CUSTOMER.

(8) MAY A CUSTOMER REQUEST SWU QUANTITIES FOR HIS SPARE FUELS AT THE TIME OF THE DELIVERY OF THE INITIAL CORE, AS A MEASURE FOR POSSIBLE FUEL FAILURE AT THE EARLY STAGE OF REACTOR OPERATION, IN A RATHER GREATER AMOUNT OF SWU IN COMPARISON WITH NORMAL SPARE FUELS?

(9) IN THE SECTION 3 OF THE FEDERAL REGISTER ANNOUNCEMENT OF JANUARY 15, 1975, IT IS SPECIFIED THAT THE TERMINATION CHARGE APPLICABLE TO TERMINATION IN PART OF A LONG-TERM, FIXED COMMITMENT AGREEMENT (PRIOR TO THE TIME THE CUSTOMER IS REQUIRED TO AGREE UPON AN APPENDIX A) SHALL BE DETERMINED BY APPLYING A UNIT CHARGE OR CHARGES TO THE TERMINATED ENRICHING SERVICES AS PROVIDED FOR THE TABLE.

WILL YOU PLEASE EXPLAIN HOW WILL "THE TERMINATED ENRICHING SERVICES" BE DETERMINED WHEN APPENDIX A IS NOT AGREED UPON YET AND CONSEQUENTLY, THE QUANTITY OF ENRICHING SERVICES CANNOT BE DETERMINED?

4. QUESTIONS IN REGARD TO ADVANCE SALE MATERIAL:

(1) MAY WE UNDERSTAND THAT A CUSTOMER WILL BE PERMITTED, PURSUANT TO THIS SLIPPAGE OPTION, TO EXTEND THE DEADLINE OF USAGE OF THE ADVANCE SALE MATERIAL BY THE SAME PERIOD OF SLIPPAGE?

IN THIS CONNECTION, WILL THE ADMINISTRATION AGREE TO EXTEND THE STORAGE OF SUCH MATERIAL, UPON OUR REQUEST?

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(2) IN THE EVENT THAT WHOLE OR A PART OF INITIAL CORE REQUIREMENT IS SCHEDULED TO BE SUPPLIED FROM THE MATERIAL UNDER THE AGREEMENT FOR ADVANCE SALE OF ENRICHED URANIUM, MAY WE UNDERSTAND THAT THE INTEREST ON THE VALUE OF THE INITIAL CORE ASSOCIATED WITH THIS SLIPPAGE OPTION WILL BE NIL FOR A CASE IN WHICH WHOLE OF INITIAL CORE WILL BE SUPPLIED BY ADVANCE SALE MATERIAL AND PROPORTIONATELY REDUCED FOR A CASE IN WHICH A PART OF INITIAL CORE WILL COME FROM ADVANCE SALE MATERIAL?

(3) IN THE PRESS RELEASE NO. U-23 OF JANUARY 15, IT IS ANNOUNCED THAT THE COMMISSION "DECIDED THAT THE ADVANCE PAYMENT FOR A LONG-TERM, FIXED COMMITMENT CONTRACT WITHOUT FIRST CORE SHOULD BE THE SAME AS FOR SUCH CONTRACTS WHICH INCLUDE THE FIRST CORE." IS IT CORRECT TO UNDERSTAND THAT THIS ANNOUNCEMENT WILL NOT BE APPLICABLE

TO CASES WHERE WHOLE OF FIRST CORE WILL BE SUPPLIED
UNDER ADVANCE SALE CONTRACT?

(4) MAY WE INCREASE OR DECREASE THE QUANTITY OF ADVANCE
SALE MATERIAL SPECIFIED TO BE USED FOR WHOLE OR A PART
OF THE FIRST CORE REQUIREMENT? IF SO, WILL YOUR ADMIN-
ISTRATION MAKE ADJUSTMENTS TO THE AMOUNT OF ADVANCE
PAYMENT?

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